



CI GAMES S.A.

STATEMENT OF FOLLOWING
CORPORATE GOVERNANCE RULES
IN 2015



**STATEMENT OF FOLLOWING CORPORATE GOVERNANCE RULES BY
CI GAMES S.A. IN 2015**

This Statement of Following Corporate Governance Rules by CI Games S.A. ("**Issuer**", "**Company**") in 2015 was prepared pursuant to Art. 91 para. 5 section 4 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Journal of Laws 2014, 133, uniform text), Resolution of the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. no. 647/2011 of 20 May 2011 and the Commission Recommendation of 9 April 2014 on the quality of corporate governance reporting ("comply or explain" approach) no. 2041/208/EU.

I. The corporate governance code followed by CI Games S.A. and locations where the code is available.

In 2015, the Company followed the corporate governance rules included in the document entitled "Good Practice for SE Listed Companies" ("**Good Practice**"), as adopted by the Resolution of the Board of Giełda Papierów Wartościowych w Warszawie S.A. ("**GPW**") No. 19/1307/2012 of 21 November 2012. The wording of the code is available to the general public on **GPW** website, in the service devoted to the corporate governance at <http://www.corp-gov.gpw.pl>.

In 2015, the Issuer's Management Board initiated the measures required to ensure strict compliance with the "Good Practice" rules.

II. The scope in which the Company deviated from the above provisions, such provisions and deviation reasons.

In 2015, the Issuer followed most corporate governance rules included in the "Good Practice" in whole, except for the recommendations and rules specified below which were not followed or were followed in a limited scope:

- a) Recommendation concerning good practice of listed companies no. 5, included in Section I of Good Practice, referring to the Issuer's payroll policy and the principles of its adoption, determining e.g. the form, structure and value of remuneration payable to members of supervisory and management bodies.

Justification:

The said recommendation is not followed by the Issuer. The remuneration of the Issuer's Supervisory Board members is determined and approved solely by the General Meeting of the Company's Shareholders ("**GMS**"). The remuneration of the Company's Management Board members is determined and approved by the Issuer's Supervisory Board. The Management Board and the Supervisory Board carry out ongoing verification of remuneration payable to the supervisory and management board members to ensure the remuneration structure promoted long-term stability of the Company and matched the current financial standing of the Company.

- b) Recommendation concerning good practice of listed companies no. 9, included in Section I of Good Practice, referring to the equal participation of women and men in the Companies' management and supervisory functions.

Justification:

The Issuer follows this recommendation in a limited scope. The composition of the Supervisory Board is conditional on the shareholders' decision (i.e. **GMS** resolution), which cannot be affected by the Issuer, as a general rule, and the Issuer's Management Board composition is determined by the Supervisory Board of the Company. At present, there is one woman in the four-person Management Board and in the five-person Supervisory Board of the Issuer. This stems from the fact that the key criteria for selecting members of the Company's management and supervisory bodies include education, qualifications, competence, professional approach and experience. The candidate's gender is neutral for the decision to select a person for the Company's management and supervisory bodies.

- c) Recommendation concerning good practice of listed companies no. 12, included in Section I of Good Practice, referring to ensuring the ability to exercise their voting rights in person or by a representative during the General Meeting of Shareholders to shareholders, outside the **GMS** location, using electronic communication means.

Justification:

The said recommendation is not followed by the Issuer. The Company enables shareholders to exercise their voting rights in person or by a representative during the GMS, solely in the GMS location.

This stems from the fact that the Company has not provided for the ability to participate in the General Meeting using any electronic communication means, speak during the GMS using such means, or exercise the voting right at the GMS using such means or by mail so far. This resulted from the fact that due to the prospective legal and organisational/technical risks, likely to compromise the correct course of the GMS in connection with providing such communication and voting method to shareholders, the Company would like to resort to more traditional methods which enable to exercise the voting right in person or by a representative at the GMS. According to the Company's Management Board, the rules behind exercising voting rights at the GMS, in person or by a representative, enable shareholders to exercise their voting rights granted by the shares and sufficiently secure the interests of all shareholders.

The Company's Management Board does not exclude this rule in the future, especially when it decides this solution will enable the Company's shareholders to exercise their voting rights more efficiently.

- d) Rule no. 1 item 2a specified in section II of Good Practice — "Good Practice Followed by the Management Boards of Listed Companies", under which there is information on the share of women and men in the Company's Management Board and Supervisory Board for the last two years, published every year, in Q4, on the Company's website.

Justification:

The said rule is not followed by the Issuer. On the Company's website, i.e. www.cigames.com, in "Investor Relations" tab, there are all annual Company's reports available, starting from the Company's debut at GPW in 2007, comprising information on the composition and any changes in the composition of the management and supervisory bodies of the Company for particular financial years. Moreover, all changes to the composition of the management and supervisory bodies of the Company are published within the information obligations fulfilled by the Company. Consequently, the Issuer does not publish the information separately on their website. Compare comments in section II letter b) above.

- e) Rule no. 1 item 9a specified in section II of Good Practice — "Good Practice Followed by the Management Boards of Listed Companies", under which the Issuer should publish the audio or video recordings of the General Meeting on the Company's website.

Justification:

The said rule is not followed by the Issuer. The Company has not recorded the General Meeting so far in audio or video form, believing that the existing information-related policy of the Issuer and the form of the General Meetings of Shareholders is sufficient and satisfactory for all Company's shareholders. The Company's shareholders have not raised any objections to the course of the Issuer's GMS. Nevertheless, the Company's Management Board tries to ensure every form of the Company's GMS meets the expectations of shareholders and investors, and to ensure that the postulate of audio or video recording of the GMS is considered during future GMS. Only after such a GMS form is adopted by the Company, it will be possible and justified to publish the recordings from the meeting on the corporate website of the Issuer.

- f) Rule no. 1 item 14 specified in section II of Good Practice — "Good Practice Followed by the Management Boards of Listed Companies", under which the information concerning the rule followed by the Company with respect to changing the body authorised to audit financial statement or information about the absence of such a rule should be published on the Company's website.

Justification:

The said rule was not followed by the Issuer throughout 2015, the Issuer started to follow it in December 2015.

The Company's Supervisory Board, pursuant to the Company's Articles of Association and provisions of the Polish Commercial Companies' Code, selects an auditor to carry out mid-year audit of the financial statement and annual financial statement of the Company and Issuer's Financial Group every year. The Company has no rule concerning changing the entity authorised to audit financial statement which has not been announced on the Company's website so far. The Company, as a public interest entity pursuant to the Act of 7 May 2009 on Statutory Auditors, their Self-Governing Organisation, Entities Authorised to Audit Financial Statements and on Public Oversight (Journal of Laws of 2015, item 1011, uniform text), complies with the obligation under Art. 89 of the said act, pursuant to which a key chartered auditor cannot carry out financial audit of a single public interest entity for longer than five years.

- g) Rule no. 8 specified in section III of Good Practice — "Good Practice Followed by Supervisory Board Members", pursuant to which with respect to the tasks and functioning of committees within the Supervisory Board, it is necessary to adopt Enclosure I to the Commission Recommendation no. 2005/162 of 15 February 2005 on the role of non-executive directors (...).

Justification

The said rule is partially followed by the Issuer. The Audit Committee was appointed within the Company's Supervisory Board in 2011. This Committee has been active all the time since its creation.

The tasks of the Audit Committee include, but are not limited to:

- a) monitoring of the financial reporting process;
- b) monitoring efficiency of the internal control system, internal audit and risk management;
- c) monitoring performance of the financial audit activities;
- d) monitoring independence of the statutory auditor and entity authorised to audit financial statements.

The Audit Commission, because of the scope of its tasks and competences, seems to be the most important of the Supervisory Board's committees, named in the Commission Recommendation 2005/162. This justifies its creation within the Issuer's organisation. No other Supervisory Board's committees were created as the other tasks are performed by the entire Supervisory Board of the Company, with its five members. Given the current organisation of the Issuer's enterprise, its size and distribution of competences and obligations between the Issuer's bodies, it does not seem expedient or necessary to create an appointment committee and remuneration committee.

- h) Rule specified in section 10, part IV of Good Practice — "Good Practice Followed by Shareholders", according to which a company should enable its shareholders to participate in a General Meeting using electronic communication means through:
- 1) real-time broadcast of General Meetings;
 - 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

Justification

The said rule is not followed by the Issuer. The Company's Management Board, having analysed all technical, organisational, financial and legal aspects, did not decide to broadcast the General Meeting of Shareholders in real time or to provide two-way communication to shareholders in real time during the GMS in 2015. However, the Company's Management Board declares that each time, organising the GMS, it considers the legitimacy and expediency of following the said rule and carries out versatile assessment of using the electronic communication means during the Company's GMS.

III. Description of the major properties of the internal control and risk management systems employed by the Company with respect to the financial statement preparation.

The Company has an internal control system with respect to accounting and preparing financial statements, offering reliable and clear presentation of the Issuer's financial standing. The control system is supervised by the Company's Management Board. The internal control system in the scope it is connected with the financial statement covers e.g. the control of buying and selling and cash circulation. The Company has applied appropriate methods to secure access to data and computer system for their processing, including storage and protection of books and accounting documents. The annual financial statements of the Company are audited by a qualified and authorised entity, selected by the Company's Supervisory Board, whereas the mid-year statements are revised by the same entity.

The financial statements of the Company are published in line with the applicable regulations. Risk management is based on an efficient internal control system within the financial reporting, the assumptions of which are to ensure adequacy and correctness of financial information included in the financial statements and periodic reports.

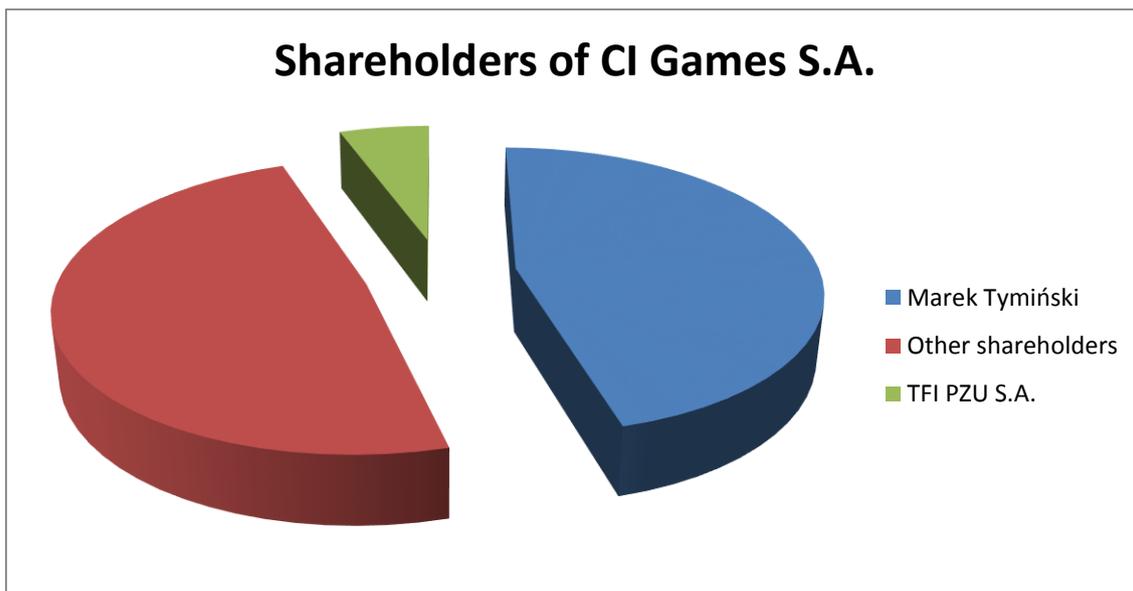
In the financial reporting process, one of the basic control components is the financial statement verification by an independent auditor whose tasks include e.g.: revision of the mid-year consolidated financial statement and audit of the individual and consolidated annual financial statement of the Issuer. The independent auditor, i.e. statutory auditor, is selected by the Supervisory Board by means of the applicable resolution. Every year, the Issuer's Supervisory Board assesses also the Company's financial statements audited before with respect to their conformity to the books and documents, as well as facts. The Supervisory Board notifies the GMS of the results of this assessment in its annual report.

IV. Shareholders holding, indirectly or directly, significant blocks of shares, with the number of shares held by those entities, their percentage share in the share capital, number of votes resulting therefrom and their percentage share in the overall number of votes during the General Meeting.

The overall number of votes at the General Meeting of the Company Shareholders is 13,914,999 (say: thirteen million nine hundred fourteen thousand nine hundred ninety nine) votes.

The Company's shareholding (being a parent company in CI Games Capital Group) as at submission of this periodic report/statement on following the corporate governance rules for 2015

Item	Number of shares	% in share capital	Number of votes at GSM	% of votes at GSM
Marek Tymiński	6,366,357	45.80%	6,366,357	45.80%
Other shareholders	6,775,754	48.70%	6,775,754	48.70%
Towarzystwo Funduszy Inwestycyjnych PZU Spółka Akcyjna	772,888	5.60%	772,888	5.60%



V. Holders of any securities offering special control rights.

There are no securities of the Company offering any special control rights to their holders. All shares of the Company are ordinary shares, without any individual privileges or any share-related ones. Such a structure does not offer any special control rights. The only determinant of the control exercised in the Company by shareholders (at the GMS) is the number of shares (a fraction in the share capital of the Company, translating into the share of each shareholder in the overall number of shares in the Company) which complies with the general rule of the Polish Commercial Companies' Code and corresponds to two major rules followed in a public company, i.e. the rule "one share — one vote" and the rule of shareholders' right proportionality to the number of shares held by them.

VI. All limitations concerning the exercise of voting right, e.g. limitation of the voting right exercise for holders of a specific fraction or number of votes, time-related limitations concerning the limitation of voting right exercise or provisions pursuant to which the capital rights related to securities are separate from the securities held, in cooperation with the Company.

The Company has no limitations concerning the exercise of voting right in the above scope.

VII. All limitations concerning the transfer of the ownership title to the Company's securities.

All shareholders, whose share in the Issuer's share capital exceeded 2% as at the date when the prospectus of City Interactive S.A. was approved, obliged to the Company that during twelve months after the date of the first listing of the Issuer's shares at GPW they shall not encumber, pledge, except for any pledge for the bank to secure a loan, shall not sell or transfer the ownership title otherwise, and shall not oblige to carry out such activities with respect to all shares or a fraction thereof, in any way, to any person, without a consent for such an activity granted by the Company's Supervisory Board. The obligation was to become invalid if the Company's share price (closing price at GPW) exceeds the issue price by at least 20%.

The said obligation referred to the total number of 8,987,265 A series shares held by the shareholders named above which constituted 90% of the shares held by them as at the prospectus approval.

All shares subject to any agreements limiting their transferability, were deposited at securities accounts kept by Dom Maklerski IDMSA.

In July 2007, the Company issued 40,000 B series shares with the issue price of PLN 1, as a part of the incentive programme for its employees and important associates. Those taking the B series shares executed "lock-up" agreements with the Company, limiting their right to sell the shares for two or three years. In this way the Issuer's employees or associates, holding 40,000 B series shares of City Interactive S.A. altogether, i.e. 100% B series shares of the Issuer, executed agreements with the Company, excluding transferability of 100% B series shares for 1 year and:

- 70% of B series shares held for one more year for 20,150 shares altogether;

- 90% of B series shares held for two more years for 19,850 shares altogether; Moreover, some of the incentive programme participants acquired also A shares bought for PLN 1. The Issuer's employees and associates, holding 35,650 A shares of City Interactive S.A. altogether, obliged not to sell 100% of shares held by them for 1 year and 90% of shares for another two years. All shares subject to any agreements limiting their transferability, were deposited at securities accounts kept by Dom Maklerski IDMSA.

If the employment or cooperation with the shareholder holding the said shares acquired during the incentive programme was terminated, the shares were transferred to another person named by the Company's Management Board.

In June 2009, 110,000 ordinary D series shares were issued. The shares were acquired by the Company's employees for the issue price of PLN 1 per share. There are no limitations concerning exercise of the voting right resulting from the Issuer's shares acquired within the said incentive programme.

In December 2013, within a private subscription, 1,264,999 ordinary E series shares were issued. The shares were acquired for the issue price of PLN 9 per share. There are no limitations concerning exercise of the voting right resulting from the Issuer's E series shares.

VIII. Rules concerning appointment and dismissal of the directors and their rights, including the right to decide on the shares issue or redemption of shares.

The rules concerning appointment and dismissal of the directors are determined in the provisions of the Polish Commercial Companies' Code and the Articles of Association.

The most important rules adopted by this respect are as follows:

- the number of the Management Board members is determined by the Company's Management Board comprising 1 to 5 people;
- the Management Board members are appointed and dismissed by the Supervisory Board for the five-year term of common office;
- The Management Board carries out the Company's affairs and represents the Company outside, except for the matters reserved for the General Meeting of Shareholders or Supervisory Board.

The resolutions concerning issue or redemption of shares are made by the General Meeting of Shareholders. The GMS resolutions concerning the issue of convertible bonds and subscription warrants, amendments to the Articles of Association, increase and decrease of the share capital are adopted by 3/4 of votes, pursuant to the provisions of the Polish Commercial Companies' Code.

IX. Rules to amend the Articles of Association.

The rules concerning amendment of the Articles of Association are determined in the provisions of the Polish Commercial Companies' Code and the Articles of Association. The Articles of Association are available at the Issuer's website: www.cigames.com, in the "Investor Relations" tab. Pursuant to the Articles of Association, the amendment requires adoption of an applicable resolution of 3/4 (three fourths) of votes at the GMS.

X. The Method of the General Meeting of Shareholders' operation and its basic rights, and the rights of shareholders and the method of their exercise.

The General Meeting of Shareholders is held in line with the rules specified in the Commercial Companies' Code, the Articles of Association and the Rules of the General Meeting of Shareholders. The Articles of Association and the GMS Rules are available at the Company's website: www.cigames.com, in the "Investor Relations" tab.

The shareholders' rights and obligations related to the participation in the General Meeting of Shareholders, and to the exercise of the voting right are specified in the Commercial Companies' Code and the Articles of Association, as well as in the regulations of the capital market.

XI. Composition and the rules of operation of the Company's management and supervisory bodies, and their committees.

CI Games S.A. Management Board

Marek Tymiński	Management Board President for the whole 2015
Adam Pieniacki	Management Board Member for the whole 2015
Monika Rumianek	Management Board Member since 24 June 2015
Łukasz Misiurski	Management Board Member since 24 June 2015

CI GAMES S.A. Supervisory Board

Krzysztof Sroczyński	Supervisory Board Chairman till 7 September 2015
Marek Dworak	Supervisory Board Member till 7 September 2015
Lech Tymiński	Supervisory Board Member till 7 September 2015
Grzegorz Leszczyński	Supervisory Board Member for the whole 2015
Tomasz Litwiniuk	Supervisory Board Member for the whole 2015
Dasza Gadomska	Supervisory Board Chairman from 7 September 2015
Mariusz Sawoniewski	Supervisory Board Member from 7 September 2015
Norbert Biedrzycki	Supervisory Board Member from 7 September 2015

The rules of the management and supervisory bodies' operation are specified in the provisions of the Commercial Companies' Code, Articles of Association and in the Management Board Rules and the Supervisory Board Rules. The Articles of Association, the Management Board Rules and the Supervisory Board Rules are available at the Company's website: www.cigames.com, in the "Investor Relations" tab.

The Audit Committee was created within the Supervisory Board in 2015.

The Audit Committee includes:

Marek Dworak	Audit Committee Chairman till 7 September 2015
Tomasz Litwiniuk	Audit Committee Deputy Chairman till 28 September 2015 and Audit Committee Chairman from 28 September 2015
Krzysztof Sroczyński	Audit Committee Chairman till 7 September 2015
Dasza Gadomska	Audit Committee Member from 28 September 2015
Mariusz Sawoniewski	Audit Committee Member from 28 September 2015

Mr Marek Dworak and Tomasz Litwiniuk are/were members of the Audit Committee, meeting the independence criteria and qualified in the field of accounting and financial audit, named in the Act of 7 May 2009 on Statutory Auditors, their Self-Governing Organisation, Entities Authorised to Audit Financial Statements and on Public Oversight (Journal of Laws of 2009, no. 77, item 649 as amended).

After 28 September 2015, all members of the Audit Committee meet the independence criteria, and Mr Tomasz Litwiniuk and Mariusz Sawoniewski are qualified in the field of accounting and financial audit, as mentioned above.

Marek Tymiński
CI GAMES S.A. Management Board President

Adam Pieniacki
CI GAMES S.A. Management Board Member

Monika Rumianek
CI GAMES S.A. Management Board Member

Łukasz Misiurski
CI GAMES S.A. Management Board Member

Warsaw, Friday, February 26, 2016